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Wheeler, Everett Pepperell

Wages and the tariff

New York

1888

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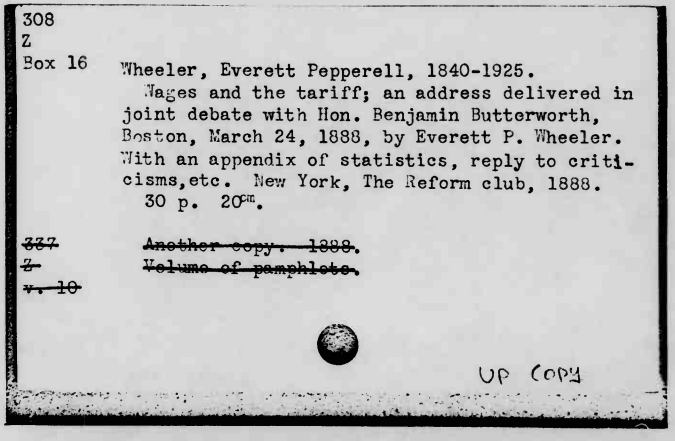
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WAGES AND THE TARIFF.

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AN ADDRESS

DELIVERED IN JOINT DEBATE WITH HON. BENJAMIN BUTTERWORTH,

BOSTON, MARCH 24, 1888,

BY

EVERETT P. WHEELER.

WITH

AN APPENDIX OF STATISTICS, REPLY TO CRITICISMS, ETC.

BOSTON:
MASSACHUSETTS TARIFF REFORM LEAGUE,
66 STATE STREET.
1888.

PREFACE.

My address in the joint debate with Representative Benjamin Butterworth, at Tremont Temple, Boston, March 24, 1888, has been severely criticised. I am much obliged to my critics, and have learned a great deal from their articles. I have omitted from the body of the speech as published, or have indicated by a footnote, every statement in the original speech which has been contradicted; and I request every candid reader to consider whether the omission has impaired in the slightest degree the force of the argument. I print in an appendix the portions which have been contradicted, with some additional statistics which throw light upon the subject, and which will, I hope, convince those who take pains to examine them, that my original statements were substantially correct. I will add that the statements which have been challenged were made as the result of careful examination of the subject for many years; and that I solicit the most thorough investigation of them, only requesting my readers to remember that the contradiction of a single statement, even if sustained, does not involve necessarily the validity of the argument which the statement was meant to illustrate.

EVERETT P. WHEELER.

18 Nov. 1915. MS.

MR. WHEELER'S OPENING SPEECH.

STATEMENTS NOT CONTRADICTED (AS YET) BY THE PROTECTIONISTS.

The question we are to discuss, my friends, is this: Is the wage-earner benefited by the protective policy as embodied in the present tariff? It is not a theoretical question to be discussed as were those we handled, when we were boys, in our debating societies. It is a question of the utmost importance to every one of you, — indeed, to every man, woman, and child in America. The time has come when the taxes are much more than we need each year to support the government and pay the interest on the debt, and all of the principal that we are able to pay. To allow this money to accumulate in the treasury is wasteful. It ought to be in the pockets of the people, where it will do the most good; and the question that Congress must decide is whether the taxes shall be reduced on imported articles or on whiskey. These are the two great sources of revenue, and one or the other must be diminished. If the protective system, as embodied in the present tariff, is beneficial to the wage-earner, then certainly it ought to be continued. In this matter, the interest of those who earn their living by day's wages is of the very first importance. But who are the wage-earners? Not alone the workers in our great factories, who are the persons the protectionists claim are benefited by the tariff. The man who labors on the farm; the clerk who toils in an office; the engineer, the conductor, the brakeman, who run the railway-train, — these are all wage-earners. They and their families constitute the large majority of the people of this country; and, as Mr. Webster said, "The great interests of this country are so united and inseparable, that agriculture, commerce, and manufactures will prosper together, or languish together. All legislation is dangerous which proposes to benefit one of these without looking to the consequences which may fall on the others." For myself, I am thoroughly persuaded, not as the result of theory, but of practical observation, that the protective system, as embodied in the present tariff, does not benefit but

INJURES THE WAGE-EARNER;

and not only the wage-earner on the farm, or in the counting-house, or on the sea, but the wage-earner in the factory, — in short, every one of you who hears

my voice; and therefore it is that I ask you to listen to what I have to say, to cast aside all prejudice, and to look at the facts just as they really are.

What does the wage-earner want? That is the real question. Whatever else he may or may not want, certain it is that he needs a comfortable home for himself and his wife and children, clothing to protect them from the cold, fuel to heat their rooms and cook their food, and good, wholesome food, and enough of it. The question is not, how many hours he shall work, or how many bank-notes he gets for his work, but what will his wages buy?

The first thing I ask you to consider is this: That no man in our climate can, with his own hands, make enough of the articles he needs for his own wants, much less for those of his family. He can make clothing enough for them; but if he spends his time in making clothing, he cannot be building a house; he cannot be digging coal, or chopping wood; he cannot be cultivating the earth, and producing food. The first requisite to the comfort of the wage-earner is sufficient production, — that there should be enough clothing and food and fuel produced in the world to make all the people in it comfortable. But it is equally important that the wage-earners should be able to exchange with each other the fruits of their labor, so that each man who has more than he wants of one thing, — more fuel, or more food, or more clothing, — may exchange it for that which another has produced, and of which he in his turn has more than he wants. If this were possible, all would be well, and all the world would be happy. The great aim of modern civilization is to increase the facility for exchanging the products of human skill and human industry. Why did you build a railroad from Boston to Albany, and help to build another across the continent to San Francisco? Why, indeed, have you extended from Boston a network of railroads, so that it may be truly said of your great city, as it was of Nuremberg, that your hand goes through every land? Why but that you might have in your furnaces and in your stoves the coal of Pennsylvania? that you might eat bread made from the wheat of Illinois and Nebraska? that you might wear clothing made from the wool of Ohio and Texas and the cotton of Alabama, and sleep under blankets that grew on a California sheep? that you might sweeten your coffee with sugar from the cane of Louisiana? And in return for these, you give to the farmer, to the wool-grower, to the cotton-planter, the products of your own industry. There is not a country-store throughout the Union that has not on its shelves the fabrics of Lowell and Lawrence, and the boots and shoes of Natick and of Lynn.

We speak of the wonderful growth of our country. The first element of that growth is the prohibition in the federal Constitution of any tax upon the exchange of products between different States of the Union. Does anybody doubt that the wage-earner in Massachusetts is better off than he was before these railroads were built, when the expense of transportation was such that

HE COULD NOT TRADE TO ADVANTAGE

in the products of the inland States? Does anybody contend that the great iron-roads that lead from your prosperous city, as in the old times all roads led to Rome, have not enriched every wage-earner in Massachusetts, as well as the engineers who projected, and the capitalists who furnished the money to build, them? All this nobody does deny, — nobody can deny. When, two weeks ago,

a great storm cut off your communication with the other States, it came as a calamity. Every man in Boston knew that, if that blockade continued, it meant ruin, not only to your railroads, but to your wage-earners, to the clerks and the spinners alike. The storm protected you from the wheat of the West and the cotton of the South. But you do not want to be protected from the wheat of the West and the cotton of the South: you want to have them come into your State freely, and to pay for them in what you yourselves, with your ingenuity and industry, are able to make, and with your enterprise are able to transport to other States. The monstrous absurdity of the protective system is simply this: that it really asserts that scarcity is better than abundance; that it is an injury to you to trade with other countries; that the benefits which flow from the free exchange of merchandise with Pennsylvania and Illinois would not flow from the exchange of commodities with England and with France. Who can tell me why it is not as good for a man who earns his living in Massachusetts, to be able to buy English goods or French goods, if he likes, and to be able in return to sell American goods to the people of France and England, if he likes? If we trade with them, it is because they have goods that we want, and we have goods that they want, and thus the trade is a benefit to us both. The protectionists themselves admit that trade with foreign countries is a benefit to America. For they deplore the decay of American shipping, and are proposing to give a bounty to American ships for carrying the products of other countries to this country, and for taking ours back in return. What monstrous inconsistency! They enact a high tariff, far in excess of the needs of revenue, not for the purpose of taxation, but for the purpose of excluding the goods of other countries; and then, having crippled commerce with one hand, they propose to nurse it with the other.

Thus I have stated to you in brief the principle that underlies this whole question of the tariff. If it is good to exchange what we can make with what other countries can make, then a high protective tariff, which hinders us from doing this, is an evil. If it is not good to exchange and trade with other countries, then a high protective tariff, which hinders that exchange, and prevents that commerce, is a benefit. There is the whole question in a nut-shell. But my friend will say, as so many before him have said, "All this is theory, — very good in theory, but not good in practice." Well, what is theory? A theory is only a convenient mode of stating facts. A thing cannot be right in theory, and wrong in practice, any more than it can be wrong in theory to lie, but right in practice to deceive. But as my knowledge of the tariff has come, not from theory, but from actual

OBSERVATION AND EXPERIENCE,

I am only too glad to join with any one in discussing the tariff from a practical stand-point; and at this stage of the discussion let me tell you what first led me to study the present tariff.

A German steamer ran down a bark that had been built in Nova Scotia, cut a hole in her side, knocked her over on her beam-ends, and left her floating in the ocean off Nantucket. Some enterprising skipper found her and towed her into port; she was condemned for salvage, and brought to East Boston to be repaired. I was retained to bring a suit against the German steamer; and when

I came to prove my damages, I found that, as the vessel had not been destroyed, it was necessary to prove what it cost to repair her. You will understand that the owners had given her up entirely. She was lost to them, and had become the property of the salvors under a decree of the United States court. But I found out who had repaired her, and what those repairs cost; and, to my astonishment, I learned that it cost more to repair her in Boston than it cost to build the entire bark in Nova Scotia. Now, I remembered very well, when a boy, to have gone to the ship-yards, and seen ships launched in the East River, as some of you, perhaps, have seen ships launched in the harbor of Boston; and I said to myself, Why is it that ships can no longer be built in New York or Boston, and that the British are taking away all the ship-building trade? My evidence in the collision case answered this question very quickly, for I found that they could build ships cheaper. Then I inquired, Are their ship-builders any better than ours? No. Does it cost any more for wages to build a ship in Nova Scotia than in Boston? No. For although our men get higher wages, yet they are better workmen, and the cost for wages on the ship is no more than it is in the British Possessions. Then I looked into the tariff, and found that every article that went into the construction of a ship was taxed thirty, forty, fifty, a hundred per cent, — the ropes, the timber, every thing from the truck to the keelson, paid a tax to the United States Government. Ostensibly this was for the benefit of American industry, but really it was to enable the iron-masters of Pennsylvania to get more for their iron than it was worth. Ostensibly it was to benefit the wage-earner, but really it had destroyed or crippled the business of every shipwright along the Atlantic coast.[1] This set me to inquiring into other branches of industry; and I studied the census, and the reports from the different manufacturers, and talked with men engaged in manufacturing, and I came to see clearly this great practical truth that I want you to remember, to think over, and to test the tariff by. The wages of a wage-earner depend upon three things: —

First, Demand and supply.

Second, The cost of material.

Third, The efficiency of the labor.

The first is supply and demand. If there are more laborers to do a particular kind of work than there is work for them to do, their wages go down. If there is more work to be done than there are men to do it, their wages go up. This is the first thing.

The second is the cost of the material on which the men are working. If a tailor has a hundred coats to make, and the cloth and trimmings cost him a thousand dollars, he can afford to pay, and will pay,

[1] By the Act of June 6, 1872, re-enacted in the United States Rev. Stat. sect. 2513, "All lumber, timber, hemp, manila, wire rope, and iron and steel rods, bars, spikes, nails and bolts, and copper and composition metal, which may be necessary for the construction and equipment of vessels built in the United States for foreign account and ownership, or for the purpose of being employed in the foreign trade," may be imported in bond. "Upon proof that such materials have been used for such purpose, no duties shall be paid thereon." It will be observed that this Act does not exempt the iron forgings, plates, and beams which form the principal part of an iron vessel. These are subject to duties varying from one and a half to two cents a pound. But still, this Act was undoubtedly a step in the right direction; and if the policy thus enacted, which is in the main the policy of the Mills Bill now pending in Congress, should be followed, it would undoubtedly be a great benefit to American industry.

HIGHER WAGES FOR MAKING THEM

than if the same cloth and trimmings cost him two thousand dollars. Observe, I do not say that tailors are paid more for working on inferior goods. But what I do say is, that, if the cloth be the same, the cheaper the material, the better the wages, and that for two reasons. In the first place, the price of the material being reduced, the manufacturer is able to pay better wages, and yet sell his goods at a lesser price; and second, the goods when sold being cheaper, the demand for them at once increases, and this increases the demand for labor to work upon them. I read the other day a very remarkable telegram which illustrates this, which I will now read to you.

WOONSOCKET, R.I., March 6, 1888.

The operatives in the Social Mill were surprised to-day, when they received their pay, to find that their wages had been advanced five per cent. The employees of the Nourse and Globe Mills, owned by the Social Company, will receive the same advance to-morrow. This affects two thousand hands. There has been no request for an advance from the employees, the action being taken by the company on account of the favorable state of the market and the low prices of cotton. — *The New-York Times*, March 7.

The third element in determining the rate of wages is the productiveness of labor. A man who is energetic and industrious and thorough in his work will almost always get better wages than a man who is not. I know that in some trades an endeavor has been made to compel employers to pay all workmen of the same grade the same wages, irrespective of their skill and effectiveness. But these are exceptions, brought about by interference with the freedom of contract between the workman and his employers, and the number is exceedingly small. In all trades the journeyman is paid more than the laborer, the skilled mechanic more than the unskilled laborer, and he is paid more because he earns more. A mason who can lay twice as many bricks in a day as another is worth twice as much, and he ought to be paid twice as much; and, unless somebody steps in to prevent it, he always will be paid more.

To repeat. The three elements that practically influence the rate of wages are, —

First, Demand and supply.

Second, Cheapness of material.

Third, Productiveness of the labor.

The protective system, as embodied in the existing tariff, reduces the wages of the wage-earner in every one of these particulars. And the errors of this system, so far as they are honest errors, are due to a failure to appreciate this important practical truth to which I have called your attention.

DEMAND FOR LABOR DIMINISHED.

In the first place it diminishes the demand for his labor. We make good carpets in this country. The Bigelow Carpet Company, and others that might be named, are beginning to make as good carpets as are made anywhere in the world; but we cannot export them, because of the tariff on wool. We make as good tinware as is made anywhere in the world. We cannot export it, because of the tax on tin plates. We make the best brass goods in the world;

but we cannot export them, because of the duty on copper.[1] We make excellent paints; but we cannot export them, because of the duty on the lead out of which they are made. Take the whole tariff list from beginning to end. There is no tax in it which does not diminish the demand for American labor by imposing burdens upon the materials out of which American goods are made.[2]

Thus it is that the protective system, as embodied in the present tariff, diminishes the wages of the wage-earner by diminishing the demand for his labor.

DEAR MATERIALS A DISADVANTAGE.

In the second place, the protective system, as embodied in the existing tariff, diminishes the wages of the American wage-earner, and injures instead of benefiting him, by increasing the price of the material on which he labors. The wool out of which our carpets are made pays a tax when it enters the country. Every yard of carpet costs the buyer and consumer fifteen cents more, because of the duty on wool; and, in this climate, the buyer and consumer of woollen carpets is a very important person. Every tin pan costs the economical housekeeper more, every tin roof increases the rent of the victims that are under it, every can of tomatoes or oysters costs more to the eater of those tomatoes or oysters, because of the tax on tin plates. Every yard of calico costs the woman that wears it more, because of the tax on dye-stuffs; every pound of paint costs more, because of the tax on lead; every house costs more, because of the tax that is levied on the materials of which it is composed. The result of this is, that the wages of the workman are diminished, and he must either pay more for his food, his clothes, and his rent, or live in a poorer home, and get along with less food and clothing.

Some years ago, I had occasion to build four houses. I found, that, if it had not been for the tax upon the materials of which those houses were built, I could have built five with the same money. The saving in the cost of material would have gone for wages. This would have increased the demand for carpenters and bricklayers, and would have diminished the rents they would pay for apartments in the houses when finished. Instead of this, their wages did not increase, their rents were higher, and the money that would have gone into their pockets enriched the Michigan lumber-barons and the Providence Screw Company.[3]

While I am on the subject of houses, let me tell you one extraordinary fact that I would like every citizen of Boston to lay to heart. Since Prince Bismarck compelled Hamburg to submit to a high protective tariff, there has not been a house built in that city. Before that time it was a free port, and one of the most thriving cities in Europe.

One more fact in support of my proposition, and I pass to another branch of the subject. I have spoken of the tax on iron and other materials for building ships, and of its effect in crippling the ship-building trade. The result has been, that, in the few ship-yards that remain, the wages of the workmen are actually less than they were before the war, although the cost of living has so largely increased.

[1] While this was going through the press, "The New-York Tribune" attacked this statement. My answer is in Appendix I., p. 19.

[2] A discussion here ensued in reference to the tax on nickel and screws, which has given rise to criticism, and which, with the criticism and the reply, will be found in Appendix II., pp. 21–26.

[3] The facts thus stated have not been denied; but an attempt has been made to refute the argument, which is noticed in Appendix III., p. 26.

The injustice of the present tariff is increasing every year. Every year the cost of material bears a larger proportion to the cost of the finished product. Every year the amount of wages paid bears a smaller proportion to the cost of the finished product. In 1850 the materials used in American industry were forty-five per cent of the value of the finished product. In 1880 so great had been the progress in the effectiveness of our machinery, that the percentage of the cost of material had increased to sixty-three per cent; that is to say, for every one hundred dollars' worth of finished goods, the materials out of which they were made cost sixty-three dollars. On the other hand, during all this time the proportion of wages to the finished product was continually becoming less. In 1850 the proportion of the wages paid for producing the various products of American industry was twenty-three per cent; in 1880 it was only seventeen per cent. That is to say, to make one hundred dollars' worth of goods, cost on the average for wages only seventeen dollars, whereas in 1850 it cost twenty-three dollars.

In the face of these facts the protectionist has the effrontery to tell us that it is necessary to keep up an average tariff tax of forty-seven per cent upon imported articles, when the percentage of wages in the finished product of American industry is only seventeen per cent. That is to say, the tariff tax is more than twice as much as the entire cost of wages paid for the production of American goods.[1] It is evident, my friends, from this simple statement, that it is not necessary to keep the tariff tax at an average of forty-seven per cent in order to increase the wages of American workmen.

EFFECTIVENESS OF LABOR.

My third point is, that the tariff tends to limit the benefit that we ought to derive from the effectiveness of American labor. That labor is the most productive in the world. All the students of manufacturing industries agree in this. Mr. Blaine and Mr. Evarts, when each was secretary of state, asserted this most positively. An American mason lays more bricks in a day than an English mason. An American cotton-spinner spins more yards of cloth in a day than an English cotton-spinner. The English mason and cotton-spinner, in their turn, do more work in a day than the masons and spinners of France and Germany. The average number of pounds of cotton worked up by each American spinner in a year is 4,350; in England, 2,914; in Germany, 1,200. The average number of pounds of wool worked up by each weaver in America in a year is 1,640; in England, 1,275; in Germany, 975.

Mr. Porter, the secretary of the tariff commission, told a pitiful tale of the wretched nail-makers in England, who still make nails by hand, a few pounds

[1] Mr. Alanson W. Beard, while not denying the accuracy of these figures, has tried to refute the argument drawn from them by calling attention to the fact that the material of one industry is the product of another. This is true, but it does not affect the validity of the argument. In the census-tables from which the computations in the text are made, the wages that entered into the production of the cruder product, as, for example, leather, are stated in the wages column as well as those which entered into the production of the more finished product, as, for example, boots and shoes. The wages that entered into the production of pigs and ingots are included in the wages column as well as those which were paid for making rails and hardware. The percentage is arrived at by comparing the totals of both columns, so that allowance is made for the fact stated by Mr. Beard. Attention is called more particularly to this matter in Appendix VI., p. 28.

a day. In Harrisburg, Penn., there is a factory, where, by the aid of nail-machines, each man makes over two kegs of nails a day. His wages are more, but the cost per pound of nails is less. Depend upon it, it always pays to get a good article. An efficient laborer is cheaper than an inefficient one, though you pay him twice as much.

The American workman is better fed, better housed, better clothed, than the English workman, and therefore he does more work in a day, and therefore earns more money. The English workman is better fed, better clothed, better housed, than the workman of France and Germany, and therefore he does more work in a day, and therefore earns more money. Physical conditions affect a man just as they do a horse. Give a horse a good stable, feed him well, treat him well, and he will do more work in a day than a horse who is badly fed and badly treated, and therefore he is a cheaper horse to hire, though he cost you twice as much for his hay and oats. The protectionist reasoning begins at the wrong end. The horse does not eat more because he is paid more. He is paid more because he does more work.

More important than these physical conditions are the opportunities that we give to every man to better his condition. We have no great standing army to support. No man is obliged to spend four or five of the best years of his life in an army. In short, American freedom gives a courage and energy and effectiveness to the American laborer that no other laborer in the world can claim. It is a remarkable fact, that, just before the Franco-Prussian war, Napoleon III. sent a commission of the first surgeons of France to this country to investigate the reason why, during the war with the South, so many more men recovered from amputations than there were who recovered in the French army in the Crimean and Italian wars. These eminent men examined the subject thoroughly, and reported that the reason was the energy and self-reliance of the American character; that the American soldiers knew how to take care of themselves better, were more persevering and more enduring than French soldiers, and the result was natural. Examine every branch of our industry, and you will find that these American qualities increase the effectiveness of the workmen; and when I say the American workman, I mean not only the American-born, but the Irishmen and Germans who have been

WELCOMED TO THE LAND OF LIBERTY,

and whose pulses are quickened with American freedom. If our trade with foreign countries were not crippled by a heavy, and in many instances a prohibitory, tax, this free American industry would have fair play, and would fill American ships with the products of American factories. But this trade is now so heavily taxed that we are deprived of all our natural advantages, and left far behind in the race. Our horse is the best, but no horse can win when he carries the weight of a forty-seven per cent tariff tax. England, to-day, with half our population, sells to other countries more manufactured goods of her own production than the entire product of this tax-ridden country.

My friend will, no doubt, insist that the present high protective tariff is the reason why the American workman is better off than the foreign workman. But this is mere theory, without any facts to support it. These facts are all the other way, and this I will prove to you immediately.

1. If a protective tariff increases wages, and improves the condition of workingmen, it ought to do so in all countries in which there are high protective tariffs. In point of fact, the English workman in a free-trade country has higher wages and lives better than a workman in Germany, where a high protective tariff prevails.

2. If a high protective tariff increases the wages of the workingmen, then the repeal of this tariff and the substitution of a low revenue tariff would injure him. In point of fact, the contrary has been the case, both in England and this country.

From 1842 to 1846 we had in this country a high protective tariff. In 1846 this was repealed, and the Walker tariff was enacted. The manufacturers groaned, and declared that they would be ruined. But the result showed that they were mistaken. The country never prospered as it did from 1850 to 1860.

	Per cent.
Capital engaged in manufactures increased	90
Wages of workmen engaged in manufacturing increased	60
The miles of railroad built increased	220
The value of farms increased	103
And of live-stock	100
Our national wealth as a whole increased	126

During the war the internal-revenue taxes on our domestic productions were almost as high as the tariff taxes, so that the ten years from 1860 to 1870 form no fair basis for comparison. But most of the internal-revenue taxes on manufactures were repealed about the year 1870, and during the ten years from 1870 we felt the full effects of a high protective tariff. What were the gains then?

Capital engaged in manufacturing increased only thirty-two per cent, — only one-third; wages increased twenty-two per cent, — only one-third; railroads increased sixty-six per cent, — only one-quarter; total wealth increased forty per cent, — only one-third.

In other words, under a revenue tariff, capital engaged in manufacturing, and wages and national wealth all increased three times as much as under a high protective tariff; and railroad building increased four times as much.[1]

Who, in the face of these facts, can say that the present tariff benefits the wage-earner?

[1] "The Boston Journal" (protectionist) has published an article in which, while admitting the percentages thus stated, it takes exception to the mode of comparison by percentages, and claims that the amount of increase would be a fairer test. The error of this assumption will be made plain by the following illustration: —

Suppose the question were, which of two investments was the most productive? Jones invests a thousand dollars, and receives as income from it sixty dollars in a year. Smith invests four thousand dollars, and receives as income one hundred and twenty dollars in a year. Jones's interest on his investment would be six per cent. Smith's, on his, would be only three per cent. Plainly, Jones's investment is twice as productive as Smith's, although, owing to the larger amount of his capital, Smith received twice as much money as Jones.

The national wealth in 1850 was $7,135,780,228. In 1860 it had increased to $16,159,616,068. (Preliminary Report of Eighth Census, p. 195.) Now, this would certainly indicate a much more favorable condition of American industry in general, than would be indicated by the increase from $30,068,518,507 in 1870 to $43,642,000,000 in 1880; and after making an allowance of one-sixth (Tribune Almanac, 1886, p. 55) for the depreciated currency of 1870, the percentage of increase from 1850 to 1860 will still be nearly double that from 1870 to 1880.

PROSPERITY UNDER LOW TARIFFS.

In a word, our experience shows that the most rapid growth of this country in prosperity has not been under a protective tariff. There never was what we would now call a protective tariff in this country till 1824. All the tariffs before that time were much lower than any that the most radical revenue reformer now proposes. There was a high protective tariff from 1824 till 1832; and its results were so disastrous that the very author of it, Mr. Clay, introduced a bill for its gradual reduction.[1] Our second high protective tariff in this country was passed in 1842. It continued in operation only four years; and then the country was so disgusted with it that a revenue tariff was adopted, which continued in force from 1846 to 1861. So beneficial were its results, that in 1850, Henry Clay, the author of the protective system in this country, from his place in the Senate made this remarkable admission: —

"For one, I should be extremely delighted if the subject of the tariff of 1846 could be taken up in a liberal, kind, and national spirit; *not with any purpose of reviving those high rates of protection, which, at former periods of our country, were established for various causes, — sometimes for sinister causes,* — but to look deliberately at the operation of the tariff of 1846; and, *without disturbing its essential provisions,* I should like a consideration to be given to the question of the prevention of frauds and great abuses, of the existence of which there is no earthly doubt."

So great was the benefit which accrued to New England from this reduction of the tariff, that in 1857 a majority of the representatives in Congress from New England voted for a still further reduction. The price of wool was higher under this tariff than it has been under a high protective tariff, for the simple reason that the manufacturers were more prosperous, and the demand for wool was greater. The experience of England teaches the same lesson. Down to 1849 England had tried the experiment of a high protective tariff. Distress and suffering among the people continually increased. At last the populace were on the verge of rebellion. Famine stared them in the face. Factories were shut, and poorhouses were crowded. The repeal of the corn-laws took effect in 1849, and immediate prosperity began to return. Now mark the result.

In 1840 the population of Great Britain and Ireland was 26,487,026; in 1880 it had increased to 34,505,043, an increase of about twenty-five per cent. The number of able-bodied paupers, which in 1849, the last year of the English high protective tariff, was 201,644, had decreased under the operation of a tariff for revenue, and the consequent prosperity which it had brought with it, to 126,228. In other words, while the population had increased twenty-five per cent, the number of those who were not able to earn a living for themselves and their families had decreased seventy-five per cent. But more than this, the prosperity of a country, like the prosperity of an individual, can be measured most accurately by the amount which it is

ABLE TO PRODUCE AND SELL,

above what it needs for its own wants. In 1840 the entire produce of the British Islands which the English were able to export, amounted to £51,000,000

[1] See Appendix IV., p. 27.

or about $9.50 for every inhabitant. In 1880, under the beneficent operation of a tariff for revenue, these exports had increased to the enormous amount of £223,000,000, or over $1,000,000,000, and amounted to about thirty-two dollars for every inhabitant of the British Islands. Measured by this unfailing test, the prosperity of England has been quadrupled by a low tariff, and this notwithstanding the fact that the prosperity of Ireland has not increased in a like proportion, owing to the suffering and poverty which years of misgovernment had brought upon the Irish people. The most flagrant instance of this misgovernment was the selfish protective tariff which the English imposed in order to exclude the manufactures of Ireland from competition with those of England. This tariff continued for over a century; and every Irishman should remember that the great leaders in the cause of Irish emancipation, Curran and Grattan, both distinctly recognized the fact that the only hope for prosperity to Irish manufactures was in a repeal of the British protective tariff. If there be an Irishman within the sound of my voice, I should like to ask him two questions: —

First, Are you prepared to continue in America that high protective system which, according to the testimony of both Curran and Grattan, destroyed the prosperity of your own island? *Second,* Do you think it necessary to the welfare of this great nation, with 60,000,000 of prosperous people, that a heavy tax should be imposed on every yard of Irish linen imported into this country, or are you not prepared to say that America can assist the Irish industries that still survive by putting Irish linen on the free list?

I have shown you that the exports of English goods under a revenue tariff quadrupled in forty years. With the goods thus exported, the English workingman was able to buy, and did buy, a far greater quantity of the comforts of life than ever he could under the protective system. They bought and used in 1880 four times as much tea, currants, raisins, and sugar, and eight times as much rice, as they did in 1840. In the former year, they were not permitted to buy a pound of foreign beef, mutton, or fish. In the latter year they were able to buy, and did buy, beef, mutton, and fish to the amount of $60,000,000. Now, when a man sells four times as much as he did, and buys four times as much as he did, you say at once his condition is greatly improved. This is what a tariff for revenue has done for England. It will do the same for America. The same remarkable contrast is presented by the rate of wages. This increased in England five per cent from 1872 to 1880, while during the same time it diminished in Massachusetts five and a half per cent.

In view of all these facts, why should we hesitate longer, and "linger trembling on the brink"? You

NEEDED NO PROTECTIVE TARIFF

to enable the "Puritan" or the "Volunteer" to beat the English yachts. You needed no protective tariff to enable your recruits to defeat at New Orleans the veterans of the Peninsula, nor was it a protective tariff that made the "Guerrière" haul down her flag to old "Ironsides." You needed no protective tariff to enable the genius of Morse to furnish mankind with the telegraph. In courage, in industry, in enterprise, in effectiveness of labor, we lead the world, and need fear no competition from any quarter. Protection is a monstrous

misnomer. The best proof of our skill is, that we have borne this burden so long without the destruction of all our industries. Some of them have been already destroyed.

The building of ships for foreign trade is practically extinct. We only build ships for the coastwise trade, because foreign-built ships are prohibited from engaging in the latter. The copper-smelting industry formerly furnished employment to great numbers of people in Boston and New York, but has been destroyed by the duty on copper ore, the only result of which has been to increase the dividends of the owners of the mines of Michigan. Base and monstrous ingratitude they have shown, in entering into a combination with a French syndicate to increase the price of copper, and thus levy a tax on every manufacturer of brass or copper goods in America, to swell their already enormous dividends. Will the citizens of Boston, the children of the men who rebelled against a tax on tea, submit any longer to this shameful injustice? Or will you say to every Massachusetts Congressman, Vote to reduce our tariff taxes, or "never more be officer of mine"?

I have shown you how the greed of the owners of iron and copper mines, short-sighted as greed always is, has destroyed two important branches of trade. And this same greed has, wherever it could, prevented us from competing successfully in foreign markets, and reaping there the reward to which American industry and skill are justly entitled. I asked the largest hardware manufacturer in this country to send specimens of his goods to a foreign exposition. He answered, "The tariff prevents me from selling my goods abroad, and why should I send them my patterns. But give me free raw materials, and I fear no European competition." And he added, "If I could get my materials free of tax, I would increase my wages, increase my production, and diminish the cost of my goods." Your own manufacturer of bicycles would tell you the same thing. Of this, indeed, illustrations are innumerable. When we can get our materials free of tax, we export the goods made of those materials, and make money on them. Wherever our materials are taxed, we cannot compete with other nations who do not tax materials. In other words, the reason we cannot compete with other nations is not that wages are high, but

BECAUSE MATERIALS ARE DEAR.

We raise our own cotton, and we export $12,000,000 worth of manufactured cotton goods. We produce our own petroleum, and we export $38,000,000 worth of illuminating-oil. Hides are admitted free of duty, and we export $9,000,000 worth of leather and leather goods. But there is a tax on wool; and although we produced in 1880 $22,000,000 worth of carpets, we exported the insignificant amount of $10,750. There is a duty on tin plates, on copper and on iron; and although we produced in 1880 over $20,000,000 worth of tin ware, copper ware, and sheet-iron ware, our entire exports of all these goods, in the manufacture of which we are surpassed by no nation in the world, was only $452,000. We manufactured in 1880 $17,000,000 worth of paints and varnish, and we exported only $443,000.

But I can produce a still more striking proof of the truth of my assertion that it is not high wages, but high taxes, that keep us back in the race for the markets of the world. The one thing that has preserved the prosperity of this

country, and enabled us to hold our own under the existing protective tariff, is our export of grain and provisions.[1] Our farmers have to compete with the worst-paid labor in the world, with the Russian peasant and the Indian ryot; and yet they compete successfully in the markets of Liverpool and Paris, with the grain of Odessa and Calcutta. If you give our manufacturers of iron, copper, nickel, tin, wool, and wood the same free raw materials that the manufacturers of cotton, petroleum, and leather enjoy, they will need no other protection.

The time is at hand, when, if we wish to continue our prosperity, we must shake off the shackles that have bound us so long, and realize the truth that it is freedom, American freedom, equality before the law, freedom from burdensome restrictions upon trade, freedom from the grant of privileges to one class at the expense of another, this freedom for which our fathers fought, for which they perilled their lives and their fortunes, and to the support of which they pledged their sacred honor, that "has lifted us out of the dust, and made us whatever we are."

[1] See Appendix V., p. 27.

STATEMENT OF MR. BUTTERWORTH'S ARGUMENT.

The essential point of Mr. Butterworth's argument in reply was this: It is the duty of the government to equalize differences of production between this country and foreign countries. This it does by a protective tariff. The essential difference in the conditions of production lies in the fact that wages are higher in this country than they are in Europe. In support of the proposition that wages are higher here than there, Mr. Butterworth cited a large number of tables of wages compiled by various persons. He also showed that the prices of grain, clothing, and of sugar had decreased since 1860, and that the number of patents granted had very largely increased; and he ascribed these results to the beneficial influence of the tariff. He further showed the extreme severity of the tariff laws of England prior to the reduction of its tariff in 1846.

MR. WHEELER'S REPLY.

A considerable portion of the speech before printed was delivered at the debate as a reply to Mr. Butterworth's argument, and to this the reader is referred. In addition to that, Mr. Wheeler spoke as follows: —

My friend has asked me if I can name any thing that is not lower than it was before the war. I know that in New York the same apartments that the laboring-man could then hire for $8 a month, cost him now $14 and $16. And I know the cause of that is the tariff on the materials of which that house is built. The increased price of those materials went into the cost of screw-manufacture, and into the pockets of the owners of the forests which produced the wood, of the owners of the lead-mines from which came the pipe, and into the treasury, which levies a worse than useless tax on the tin plates out of which the roofs were made. But for this increase, the money would have gone into the pockets of the mason, the bricklayer, and the workmen who built the house. I know this also: it is not a question of what a tariff might be; it is the present tariff that is the question. What we want, is to put raw materials on the free list. The inequalities in condition that my friend complains of are inequalities chiefly caused by the tax on raw materials.

The present high protective tariff is an injury to the wage-earner, and keeps his wages down. Mark my words, and listen, citizens of Boston, every one of you! Every man that lives twenty years from now, will live to see raw materials on the free list, and American manufacturers leading the manufacturers of the world. You will live to see American ships thronging the harbor of Boston, and carrying the products of your mills and your industries all over the world. They would now, but that the present tariff has been like a millstone about our necks for twenty years.[1] Who can tell me that it is not an injury to your woollen-manufacturers to pay the tax on wool? The woollen-manufacturers know it is; and the day that tax is repealed, it will increase the demand for their goods, and increase the wages of their workmen.

FURTHER REMARKS BY MR. WHEELER.

The following considerations are presented by Mr. Wheeler as supplementary to what was said in the debate: —

There is a difference in the conditions of production between those in America and in foreign countries. But some of those conditions are favor-

[1] See Appendix VI., p. 28.

able to this country. Attention has been called before to the greater productiveness of American labor. Another condition is the great extent and cheapness of land in this country. Another condition is the greater accessibility of most of our mineral deposits, and the consequent increased cheapness involved in getting them to market. On the other hand, it cannot be denied that the higher price of material in this country is a great detriment to our manufacturing industries. Nor can it be denied that the tariffs imposed by the protectionist countries of Europe admit raw material free of duty.[1] The statement by Mr. Butterworth, that the question is a question between free trade, in the literal sense, and a protective tariff, is a perversion of the real issue. The tariff reformers do not advocate free trade in the literal sense. They do advocate the removal of what they consider unjust and unequal burdens placed upon the great majority of the people for the benefit of a few. If freedom means equality and the removal of unjust discriminations, then they advocate freedom of trade. If freedom means the abolition of all taxation on trade, they do not advocate it. In a concrete form, what they do actually advocate is a repeal of taxes upon the materials which enter into American industry, and upon the actual necessaries of life. They believe, that, while the repeal of these taxes might possibly operate as a temporary injury to a few, it would produce a far greater benefit to the many. No doubt, the home-market is important; but no one can contend that the market of sixty millions of people would be injured, if, in addition to this market, we could secure the market of three hundred millions.

The charge that we are seeking to introduce English ideas, and to break down American manufactures in order to benefit those of England, is simply untrue. The United States was the first country in the world to introduce absolute freedom of trade between the different States composing a federal union. The United States, even in their weakness, when their population was hardly more than three millions scattered along the seacoast, enacted what was then the most liberal tariff in the world. The present protective tariff is copied from English laws. All the arguments that are now advanced in its favor were arguments used in opposition to the repeal of the corn-laws. The same gloomy predictions, which were then made by Croker and the rest, are now made by the protectionist advocates. They predicted ruin to the manufacturer and the farmer. The result has been increased prosperity. Mr. Butterworth closed his argument by an expression in which I heartily concur: "I am first, last, and all the time, for my country." But I am proud of my country's strength and unequalled national resources. With them, and with free raw materials, we need fear no competition in the production of staple articles, whether made of wool, of cotton, or of leather; and it is because I have faith in the skill and enterprise of my countrymen that I favor the removal of the burdensome taxes that obstruct our trade with foreign countries, and injure us as well as them.

[1] A table of these tariffs will be found in the appendix to Schoenhof on the "Destructive Influence of the Tariff."

APPENDIX.

STATEMENTS WHICH PROTECTIONISTS HAVE CONTRADICTED.

I. — BRASS AND THE TARIFF (p. 8).

Mr. Wheeler says, —

"An article in 'The New-York Tribune,' from Charles Durand, Ansonia, Conn., on the above subject, is too good to be lost. He quotes from my address that 'the Americans make the best brass goods in the world, but cannot export them because of the duty on copper,' and proceeds to say, 'In this narrow valley of the Naugatuck, — thirty miles long and five miles wide, — we use about one hundred million pounds of copper annually in brass and copper manufactures, and Mr. Wheeler can put the entire duty on this vast amount in his vest pocket in pennies, and not feel the burden.'

"This is undoubtedly true, and simply shows the well-known fact that the duty on copper is so high as to be prohibitory. But if there had been no duty on copper for the last ten years, the cost to the manufacturers who used this one hundred million pounds of copper would have been vastly less, for the simple reason that the price of copper in Europe during most of that time was much less than the American price. In fact, during most of this time, the owners of the copper-mines on Lake Superior have produced more copper than would supply the American market, and have sold it abroad for much less than the price at which they sold it in this country. Probably a fair average of the difference in the price of copper produced by the tariff during the last twenty years would be at least two cents a pound, which makes a total of two million dollars a year paid by the Naugatuck manufacturers to the mine owners of the Lake-Superior copper-district.

"The difference in price during the last census year, as shown by the official returns of the two countries, was three cents and a half a pound. Since then it has varied, the difference being sometimes more and sometimes less than this. At present a syndicate has forced up the European price; but in the interest of the public, it is to be hoped that this will break down as the tin syndicate has. Tariffs, trusts, and syndicates all aim to increase the price of natural products, and levy a tax on the many consumers to benefit a few producers. On this branch of the subject I will only add, that the duty on copper in the form of ores was three cents a pound until the last revision, in 1883, when it was reduced to two cents and a half. The duty on copper in bars and ingots was five cents, then reduced to four.

"The claim is sometimes made with a serious face, that the tariff does not increase the American price of goods. If this were true, the tariff would be useless; but it is not true, and this every person who has studied the subject knows very well. As Mr. Rosengarten, the quinine manufacturer, said before the Tariff Commission in 1882, 'As I understand it, the object of the tariff is to make the article higher; otherwise, there would be no advantage in having a tariff, which I can see.'

"Mr. Durand adds: 'During the Russian and Turkish war, we loaded steamships at New Haven with the products of our brass and copper mills direct for Mediterranean ports, and are now shipping more or less of the products of our mills to foreign markets.'

"This statement simply shows that, in spite of the increase in the American price of copper caused by the tariff, the ingenuity of our manufacturers and the skill of our workmen is such that, to a limited extent, we are able to export manufactures of copper. This is a wonderful tribute to the efficiency of the American workman, and shows conclusively that if the bounty of two million dollars a year which the Naugatuck manufacturers pay to the owners of the copper-mines were removed, the export of copper goods would be quadrupled, as the export of leather has been since the repeal of the duty on hides. But our export of copper and its manufactures now, bears a very small proportion to our total product. In 1880 the production of copper in this country was

valued at	$9,458,434
From this we manufactured goods worth	15,578,919
Beside what are enumerated in the census in combination with tin and sheet-iron ware, worth at least	5,000,000
	$30,037,353

Our entire exports of copper and copper-ware in the corresponding fiscal year were only $876,395

and in 1887, — including copper, which we exported largely, — the total exports were only $3,727,447

We export copper because American copper is more ductile, and is really the best.

"A repeal of the duty of two and one-half cents a pound on copper in the ore, and four cents a pound on copper bars and ingots, would make a market abroad for the product of every brass-factory in Connecticut. No other State in America is so much injured by the existing tariff as that State. Nowhere has labor-saving machinery been brought to a greater perfection. Mr. Sargent, the hardware manufacturer of New Haven, has repeatedly said in public, that if he could get the material for his hardware free of tax, he would spend one-third of the saving in increasing his works, one-third in increasing the wages of his workmen, and the other third in reducing the price of the product. If the workmen of Connecticut understood their real interest, they would be unanimous for the repeal of the duty on raw materials, which diminishes wages, increases the cost of the finished product, and almost entirely prevents the export of American manufactured goods."

II. — NICKEL AND SCREWS (p. 8).

Mr. Wheeler said, —

"There is the great Meriden Britannia Company. They make plated goods of the best quality. In making these goods they need nickel. Years ago, when this metal was discovered in the mines of Austria, the miners called it nickel, because they could make nothing of it. But our friend, Mr. Wharton of Pennsylvania, who happens to own the only important nickel-mine in the United States, has found out a way to make a very good thing out of it. If Congress had passed a law making him Duke of Lancaster, and giving him a pension of twenty thousand dollars a year, you would all have called it a wicked waste of the tax-payers' money, a heavy burden upon industry, a setting up of a privileged class opposed to the genius of American institutions. But in all except the name, Congress does this very thing when it puts so heavy a duty upon nickel that manufacturers are compelled to pay Mr. Wharton what he chooses to ask for the product of his mines. Now mark the result. The Meriden Britannia Company has been obliged to build a factory in Canada, where it can get nickel free of tax; and, with the products of this factory, it supplies the demand for plated goods in Canada and in England. All this might just as well have been done in the United States, if it were not for the pension of twenty thousand dollars, more or less, that a protective tariff compels you to pay to Mr. Wharton of Pennsylvania. Now I assert, without fear of contradiction, that, if the manufacturers of plated goods in this country could get their nickel free of tax, they could supply the markets of the world. The demand for labor would be increased, and, of necessity, the wages of the laborer would go up. But no: our industry may suffer, our laborers be deprived of work, our people lose the fruits of their skill and enterprise; all these may perish, but let Mr. Wharton levy his annual tax, and mislead the people by calling it protection to American industry.

"'Let art and learning, trade and commerce, die,
But leave us still our old nobility.'

"Take another illustration. The American Screw Company succeeded in getting a paternal Congress to levy a tax upon screws, so heavy as to be prohibitory. For many years it was prohibitory, but at last the skill and ingenuity of English manufacturers enabled them to make their screws so much cheaper that Mr. Chamberlain began to export screws to this country; and thereupon the Screw Company, in order to prevent this interference with its monopoly, found it profitable to pay Mr. Chamberlain's company a large sum of money in consideration of his omitting to ship screws to this country, and thus prevented the manufacturers of Lowell and Lawrence from exchanging their goods for the products of his manufacture. And yet, astonishing as the fact may seem, this same Providence Screw Company has recently established in Canada a manufactory of screws. The tax on iron in Canada is less than it is in this country, and it is consequently able to make screws there cheaper than it can here. Thus, in a country where iron is cheap, it makes cheap screws to supply the builders of England and Canada, while every builder in America is taxed to

increase the profits of its Rhode Island factories; and the wages of its workmen are reduced by the fact that the demand for the screws which they make in this country is limited to the American market."

These remarks led to the following correspondence: —

BOSTON, MASS., March 29, 1888.

MERIDEN BRITANNIA CO., MERIDEN, CONN.

Gentlemen, — I enclose herewith a report of the debate between Mr. Wheeler and Mr. Butterworth. The report is that of a Democratic paper in this city, and Mr. Wheeler revised the speech. It is therefore authentic. You will see that I have marked a portion of it, and by reading you will quickly see the reason. Mr. Wheeler makes statements there about your business, and I want to know if they are correct.

I will add that my purpose in addressing you is to use whatever reply you may make against the free-traders, and I hope that you will furnish a vigorous and powerful statement if your interests have been misrepresented.

Why did you establish a factory in Canada? Was it for your export trade, or was it to capture the Canadian market from which you were excluded, owing to the protective duties enforced there?

Are wages in your Canadian factory as high as in your American factory?

Do you get raw materials cheaper in Canada than you can in the United States? Is that the reason that you established a factory in Canada?

If all raw materials were placed upon the free list, allowing that that term could be applied to such products as coal, iron, nickel, lumber, salt, and flax, would you be enabled to secure an export trade from the factory in the United States?

Would not the higher wages in this country prevent you from securing an export trade?

Have you not already an export trade from the United States in spite of the high cost of raw materials and labor?

Has not that export trade been secured owing to the superiority and reliability of your products, in which you doubtless take great pride?

Are Mr. Wheeler's assertions true, or false? If the latter, please give me specifically the facts, and greatly oblige,

Very truly yours,

HERBERT RADCLYFFE,
Secretary Home Market Club.

MERIDEN, CONN., April 3, 1888.

HERBERT RADCLYFFE, Esq., *Secretary Home Market Club, Boston, Mass.*

Dear Sir, — Your favor of the 29th ult. at hand. Yours is not the first inquiry we have had about the statement made by Mr. E. P. Wheeler in regard to our Canada factory. He must have been making the same statement for some time and at several places. We now tell you as we have before told those inquiring about it, that it is wholly untrue. As you are probably aware, some years ago the Canadian Government placed quite a large duty on all plated ware brought into the country, in order to protect her own manufacturers. We were practically excluded, and were obliged to do one of two things, either give up our Canadian

trade, or start a factory there. We did the latter, and with very good results; for we not only held the trade which we then had, but have increased the same from three to four fold, at the same time furnishing employment to quite a large number of people.

Not one cent's worth of goods manufactured there are exported. They are all used in Canada and the Provinces. The question of nickel did not enter into the problem at all.

As to wages paid there, they do not differ materially from what we pay here. All of the materials used by our Canada factory are furnished to them from Meriden; and, of course, this would show that the reason for starting there could not have been on account of getting raw materials cheaper in Canada.

The only articles you mention in the list of raw materials which would affect us at all, are nickel and coal. As the amount paid for this latter item is such a small sum, we ignore it entirely, and only take up the question of nickel. Not many years ago all the nickel which we used was imported from Europe at a cost of from a dollar and a half to two dollars a pound.

When the nickel-mine, owned by Mr. Joseph Wharton, was discovered, the United States Government, in order to induce him to work it, placed on nickel a duty of twenty-five cents per pound. In 1883, under the Arthur administration, this was reduced to fifteen cents a pound; and the cost of nickel to-day is about sixty-five cents per pound, of which fifteen cents is protective duty. We use no nickel in its primitive state, but it forms from ten to twenty-one per cent of all the German and nickel silver which we use; and for every pound we pay two and a quarter cents more than if there was no duty. When we contrast this small amount with the price which nickel has been reduced by reason of the protective tariff, say eighty-five cents to a dollar and thirty-five cents per pound, we are perfectly satisfied to let the duty remain as it is. If the removal of the duty on nickel would enable us to get nickel fifteen cents a pound cheaper, it would make comparatively little difference in the cost to us of our siver-plated goods, the principal element of cost being the amount which we pay for labor. If, on the other hand, the removal of the duty should, as it might, result in stopping the production of nickel by Mr. Wharton, the price of the article would, we think, be increased, as the few foreign producers could easily combine to enhance it.

We do not know how profitable the business is to Mr. Wharton, but feel sure that a tariff which will enable him to continue the business at a fair profit is for the advantage of the manufacturer, the laborer, and the consumer alike.

We now export goods to almost every civilized country on the globe, with one notable exception, France, where the protective duty on plated ware is so high that we are practically excluded from their markets. Our principal points of export are Australia and South America; and the principal competitor we have in these markets (outside of the manufacturers in the United States) is England, who, owing to cheaper paid labor, is enabled to sell goods very low, and we believe the success we have attained is almost wholly due to the superiority in the design and finish of our goods, which is the direct result of the sharp competition among the manufacturers of the United States, and is directly traceable to the principle of protection, in which we all most thoroughly believe. We are much obliged to Mr. Wheeler for his free advertisement, but are sorry that he has so little regard for the truth as far as it pertains to us.

Very truly yours,

MERIDEN BRITANNIA CO.

HORACE C. WILCOX, *Pres.*

PROVIDENCE, March 30, 1888.

HERBERT RADCLYFFE, Esq., *Secretary Home Market Club, Boston, Mass.*

Dear Sir, — Acknowledging receipt of, and replying to, your favor of 29th inst., beg to say, with reference to Mr. Joseph Chamberlain's statement quoted by Mr. Everett P. Wheeler in his recent Boston speech, that Mr. Chamberlain was very careful to omit saying any thing about the circumstances under which his firm demanded a subsidy from our company.

Nearly thirty years ago, his firm (Nettlefolds & Chamberlain, Birmingham, England) was enabled, through the adoption of automatic machinery for producing gimlet-pointed screws, to break down every competitor in England, and obtain a monopoly in the foreign manufacture of that product. Then, with free raw material, cheap labor, supplies, etc., Mr. Chamberlain turned his attention to the American market; and, to save our business, we were compelled to submit to his demands, although not to such an extent as is popularly supposed. All this was prior to the adoption of the tariff in 1861, and, if at that time there had been such a tariff on wood-screws as is usually represented, Mr. Chamberlain would not have had the advantage over us that he did. Although we owned the United States patents for the kind of machinery employed by Nettlefolds & Chamberlain in England, these patents did not protect against the importation into this country of their product manufactured in England.

We made money during the war, as most manufacturers did, but of late our business has been very unremunerative. Out of nearly forty companies, most of which have come into existence since our patents expired, only ten continue in operation; and our own company, with its large accumulations, and with other lines of manufacture to aid us beside the wood-screw business, we were unable to pay any dividends in 1885, 1886, and 1887. The screw-business is one requiring the investment of large capital and intricate machinery, and the value of the product is so small that we cannot turn our capital oftener than once in two years. All the iron we consume is imported, and, under the existing tariff, pays a duty of about fifty per cent *ad valorem*. We are advised that the Mills Bill proposes to increase this duty to eighty per cent, while very inconsistently reducing the tariff on screws to thirty-five per cent *ad valorem*. For many years we have been threatened with this kind of legislation; and, anticipating its effect on our business if adopted, we, some years since, started a branch establishment in Canada, to enable us, in case of necessity, to remove our machinery from Providence, and manufacture in Canada for this market. The Canadian Government has treated us with fairness, recently imposing a duty on our product sufficient to give us full benefit of the Canadian market, *and has removed all duty upon our iron.*

There is not much difference in the cost of manufacture of screws in the United States and Canada. With the encouragement given our Canadian enterprise, the people there now obtain screws of much better quality than heretofore, and at lower prices than when imported, with all the benefits of home manufacture. On that side of the line we are prosperous, but on this side we have had a hard struggle to hold our own.

As to exporting screws, we can do nothing as against English manufacturers, as they can command all the markets where they are not shut out by a tariff.

Trusting that this letter will answer your purposes, we remain,

Yours truly,

AMERICAN SCREW COMPANY.
EDWIN G. ANGELL, *Pres.*

To the Editor of "The Boston Post."

The tariff reformers should be much obliged to Mr. Radclyffe for obtaining from the Meriden Britannia Company and the American Screw Company their letters on nickel, screws, and the tariff. I may be permitted to add that the statement as to the Meriden Britannia Company that I made in the joint debate, was first made by me before the tariff commission July 26, 1882, and is printed on p. 220 of their report. Mr. Wharton was present when I made the statement; and another gentleman interested in the Meriden Britannia Company was, if memory serve me, also present. Neither of them denied it at the time, nor, so far as I know, has its essential truth ever been publicly denied. Nor, as I read the letter of Mr. Wilcox, does he deny it now in substance, though he denies the motive that I imputed to his company. As to this, I can only judge of its motives from its acts, and my statement respecting them he admits. Nor can I believe it possible that any one would seriously contend that it would not be a benefit to a manufacturing company to have the price of the material which it uses, reduced fifteen cents a pound.

Both companies, furthermore, admit the truth of my statement that they have established factories in Canada, in order to supply a market which, under the existing tariff, they were unable to supply from their factories in this country. The Britannia Company also admits that the wages in Canada do not differ materially from what they pay here. It goes on to say that the principal element of cost in its goods is the amount which is paid for labor. It adds, "We now export goods to almost every civilized country on the globe."

Now, if it be true that the wages paid by the Meriden Company in Connecticut are higher than the wages paid by the English manufacturers of plated goods, this simply shows that the Meriden Britannia Company is able to make goods and sell them in England in competition with the English product, in spite of its paying a higher rate of wages. What other possible cause can there be for this, except the greater efficiency of its labor, which is precisely what I contended for. The Britannia Company says, "All the materials used by our Canada factory are furnished from Meriden." Does it mean to say that the nickel used in Canada costs it sixty-five cents a pound net, which it states is the American price? Further information on this subject would be desirable. If the fact be so, it would only re-enforce my argument as to the efficiency of American labor. If the Meriden Company is able to stand an addition of fifteen cents in the pound to every pound of nickel it uses, to pay higher wages than are paid in England, and still to compete in the English market, no reasonable man could deny that this particular infant industry has reached a point where it has come to manhood, and needs protection no longer.

The claim that the protective tariff has reduced the cost of nickel is about as absurd as the claim that the protective tariff has reduced the cost of steel rails. It is true that the price of nickel has fallen, just as the price of steel rails has fallen; but each reduction has been caused by improved methods of manufacture, and has been accompanied by an increase of wages. It might as well be claimed that the protective tariff has enabled us to use buildings eight stories high, when everybody knows that it is the improvements in elevators that have made this possible.

Thus, every fact brought forward in answer to my argument supports the truth of my assertion that the cheaper the material, and the greater the efficiency of labor, the higher the rate of wages; and that American high wages are caused by the latter, and not by the tariff.

As for the Screw Company, it admits that the iron it consumes is imported, and

it does not deny that the duty on this iron is much less in Canada than in this country; and it admits that it manufactures there more profitably than here, which is precisely what I say. It is very clear, therefore, that the Screw Company and the consumers of screws would be benefited by getting its iron in this country at a lower rate than it now does.

If the advice which the Screw Company has received is correct, viz., that the Mills Bill proposes to increase the duty on the iron which it consumes to eighty per cent, a reduction of the duty on screws to thirty-five per cent would, of course, be an inconsistency which ought to be corrected. This, however, is a feature copied from many like ones in the present tariff. There are numerous instances in which, in order to give a fancied benefit to the American producers of material, a tax is imposed upon it greater than the tax upon the finished product, to the great detriment of our general manufactures. If the Screw Company should now suffer from such a course, it would only have to suffer for the bad example set by its high protective friends.

EVERETT P. WHEELER.

NEW YORK, April 5.

Mr. Wheeler says further, —

"The changes in the Canadian tariff, which we may naturally suppose to have been promoted by the manufacturers of plated goods, are instructive. In 1879, nickel was put on the free list; in 1882, 'Britannia metal in pigs and bars' was added to the free list; in 1885, 'silver and German-silver in sheets for manufacturing purposes' were also put on the free list. If, as Mr. Wilcox intimates in his letter, free raw material is of no benefit to the manufacturers, why these changes in the Canadian tariff?

"Since this speech was delivered, I have learned of a Philadelphia woollen-company that has leased a woollen-mill in Bradford, England, in order to buy wool free of duty, and exports the goods there made to the United States, but which would be glad to return to this country if the tax on wool should be repealed.

"A very curious illustration of the fact stated in the argument, and by the Meriden Company, that American labor, by the use of superior machinery, is, in many branches of industry, superior to that of foreign countries, is given in 'The Engineering News' of March 17, 1888. It is there shown that the American locomotive is a superior machine to the German, and will draw more tons of freight. For example, on a grade of one foot in a hundred, the American locomotive will draw 644 tons; the German, only 348."

III. — HOUSE-BUILDING (p. 8).

Since the debate, "The Boston Advertiser" (protectionist) has furnished some tables which illustrate the subject of house-building. Mr. Wheeler says of them, —

"According to these tables the average cost of building materials has increased fourteen per cent since 1859, while the average wages in the trades most concerned in the building of a house have increased forty-eight per cent. They illustrate very well two of the statements in the speech. There can be no doubt that the increase in the cost of living since 1859 has been much more than the increase in the cost of these materials. Relatively, therefore, to the general increase in the cost of living, the cost of the materials of our houses has diminished. We should therefore expect to find a large relative increase in the wages of the persons employed in the use of these materials, not simply because of the relative cheapness of the material, but also because of the greater demand for houses, caused by the rapid growth of our cities. This 'The Advertiser' shows to be what has actually taken place. On the other hand, no one can pretend that the wages of those who work on houses are increased by a protective tariff. Now, if it were true that the increase of wages is caused by a protective tariff, we should expect that this increase would not exist in those trades which are not, so to speak, protected. As the contrary is shown by 'The Advertiser' to be the fact, the inference follows that this increase is not due to the tariff, but to the other causes stated in the argument.

"'The Advertiser' also argues that if wages were less, more houses could be built for the same money, and that therefore a diminution in wages would be as much a benefit to the builder as a diminution in the cost of material. This would be true but for one important consideration which 'The Advertiser' appears to overlook. The reduction of wages would diminish the ability of the wage-earner to pay rent. It follows, therefore, that it is much better, both for the owner of the building and for the tenant, that the diminution should take place, not in the wages, but in the price of material, which is precisely the argument of the speech. The argument was also advanced in this connection, as well as in reference to the statement in the letter from the Meriden Britannia Company, previously quoted, that the reduction in the cost of many materials was due to the operation of the tariff. The fact that it is not a high tariff that has reduced the prices of material, is shown conclusively by the fact that in England prices generally have fallen much more during the last thirty years than they have in this country. For instance, the price of steel rails in England in 1869 was £11 5s. per ton, or about $55. Rails as good have been sold there within two years for £3 14s., or about $18.75 per ton, and the price now is from $19 to $21."

IV. — HENRY CLAY'S OPINIONS (p. 12).

The statement that "there was a high protective tariff from 1824 till 1832, and its results were so disastrous that the very author of it, Mr. Clay, introduced a bill for its gradual reduction," has been criticised on the ground that Mr. Clay's object in introducing the compromise bill for a reduction of the tariff was to remove the irritation which the existing high tariff had produced at the South. This was undoubtedly one of its motives; but it is also true that Mr. Clay, and almost all the protectionists of his school, maintained that a high tariff was only a temporary measure, and that it ought to be reduced as soon as the industries of the country had become established. The theory now advanced, that a high protective tariff is a permanent blessing, and ought never to be reduced, is the growth of a later generation.

V. — FARM-WAGES (p. 15).

It was said at this point, —

"The average wages of farm-laborers in this country, including board, are very much higher than the average wages of persons engaged in manufacturing industries."

Mr. Wheeler adds: "'The Boston Advertiser' denies the truth of this statement, and quotes from the report of the Statistician of the National Bureau of Agriculture the statement that the average rate of wages paid farm-laborers in Massachusetts was in 1882 $30.66. It then quotes from the report of the Massachusetts Bureau of Labor Statistics a statement that the average weekly wages paid to men in the twenty-four principal manufacturing industries in the State were $11.85 per week, which, per month of four weeks, would be $47.40. It claims that the wages of agricultural labor in Massachusetts are higher than they are in any other State in the Union. The very table it quotes shows the contrary. The wages in California, of farm-laborers, without board, in 1882, are stated at $38.25; in Kansas and Oregon at $33.50; and in Colorado at $36.50. In Illinois the nominal amount is somewhat smaller. But it is really larger when the relative cost of living there, and in Massachusetts, is considered. Assuming that the amount stated, — $30.66 a month, — is correct, this monthly wage is more than the monthly wages of operatives in factories, on an average, throughout the United States. The census of 1880 shows this average to be $346 a year, which is equal to $28.83 a month, or $6.65 a week. If the reader will compare the monthly wage of farm-laborers in Massachusetts with that of operatives in the manufacturing industries, in which they are supposed to derive the greatest benefit from the protective system, the contrast is equally striking. Mr. Carroll D. Wright's report, from which 'The Advertiser' quotes, states the average weekly wages in Massachusetts, of operatives in carpet-mills, to be $6.08; in hosiery factories, $6.49; and in woollen-mills, $6.90.

"The high average which Mr. Wright gives in the table to which 'The Advertiser' refers, arises from the fact that in other industries not specially benefited by the tariff, the rate of wages is much higher than in those which are. For example, he states that the average weekly wages of persons employed in building industries in Massachusetts, in 1882, were $14.99, which is over twice the average wages of operatives in woollen-mills.

"However, I feel bound to add that the returns of the Statistician of the Agricultural Department vary very much from the result of my own observation, unless it is intended, in the table given by the Agricultural Statistician, to include boys on farms, who are paid a lower price than men. My own observation, both in the States of Vermont and New York, is that the average rate of wages for men working on farms, is much higher than that stated in the table. For example, I think it would surprise a Vermont farmer to be told that he could engage a man by the month, with board, for $18.25 a month. I should say that $25 was much nearer the mark."

VI. — ENGLISH EXPORTS AND AMERICAN PRODUCTIONS (p. 17)

Mr. Wheeler says, —

"In the reply to Mr. Butterworth as actually delivered, a statement was made, not included in the speech as prepared, which has given rise to a great deal of comment. It involved a comparison between the English export of manufactured goods and American products of similar goods. The purpose was to make the comparison a fair one, and to confine it to such articles as might properly be called exportable. The time limited by the rules of the debate was so short that I was not able to explain this as fully as I might. As

the facts are indisputable, and support the argument, they are here briefly stated.

"The argument is, that England, in spite of many disadvantages caused by her class distinctions, by the crowded condition of her population, and her limited amount of land, has prospered since 1849 under a tariff strictly for revenue, and that there is every reason to believe that we in this country, with far greater advantages, would prosper still more under a similar tariff, the revision to be made gradually, and with due regard to vested interests. In other words, even if it be claimed that a protective tariff in the beginning was an advantage to American industry, the experience of England has shown that, after these industries have attained maturity, the tariff can be removed or reduced to great advantage.

"A fair test of a nation's prosperity is the amount of the surplus which it is able to export. A fair test of the prosperity of its manufactures is the surplus of its manufactured products which it is able to export. The following comparative tables will illustrate the point; the census year, 1880, being selected, because official statistics are available for that year: —

	British exports of British products.	American products.
Cotton goods	$377,820,280	$210,950,383
Woollen goods	103,049,585	160,606,721
Linen goods	35,236,805	602,451
Jute goods	11,277,515	696,982
Iron and steel	141,951,580	296,557,685
Hardware and cutlery	17,604,390	11,661,370
Fire-arms	5,426,840	5,736,936
Tools	1,892,065	4,384,109
	$694,259,060	$693,196,637

This, with the correction of a clerical error, is a table that was published in 'The Boston Advertiser.'

"'The Advertiser' criticised this table on several grounds. One was, that a separate item for hardware, $22,653,693, was omitted. If this be added to the American side, certain deductions must be made from the item of 'iron and steel,' out of which this hardware was manufactured; for it would not be fair to count the iron twice, — the first as iron, and second as hardware, tools, rails, etc. The allowance for this leads to a consideration of the necessity for other deductions from the same item, and to certain additions which 'The Advertiser' did not mention. The pig-iron, blooms, etc., included in the item 'iron and steel' in the census table, were made into steel, into hardware, or other advanced forms of manufacture. The steel ingots included were made into rails, tools, or other advanced forms of manufacture. Thus, the amount of the iron pigs and steel ingots was duplicated in the total given in the census table. Pig-iron and steel ingots are of no use in themselves. Their only use is to be made into something else.

"The details of the item of $296,557,685 for iron and steel are given in Vol. II. of the quarto edition, Census Reports, 1880, pp. 737–768, by James M. Swank. This article shows the aggregate value of pig-iron and iron blooms used in the

United States in 1880 to have been $65,081,601, and of steel ingots (taking the value given for Bessemer ingots under the head of material, 1,145,711 tons), $62,097,536, making a total of $128,179,137.

"These materials were made into the other articles included in this general item, or into those included in cutlery, tools, fire-arms, and hardware. It should, therefore, to avoid duplication, be deducted from the aggregate after 'The Advertiser's' item of hardware is added. The result of the addition and subtraction thus indicated is, —

Total table of American products	$693,196,637
Add for hardware	22,653,693
Add for other items made of iron not mentioned by 'The Advertiser,'	39,391,906
	$755,242,236
Deduct for pigs, blooms, and ingots, included in other items	128,179,137
Net result	$627,063,099

which is $67,195,961 less than the English export of corresponding articles.

"The necessity of making such deductions in order to institute a fair comparison will be apparent when it is remembered that the English exports are net. There is no duplication of material and of the manufactured product made from that material. And the comparison would be still more striking if it were corrected, either by reducing the American valuation to that of England, or *vice versa*.

"The reason why other items of American production, such as houses and the various industries which enter into their construction, bread-baking and the preparation of food for immediate use, clothing and the like, ought not fairly to be included in such a comparison, is that, from the necessity of the case, such articles must in both countries be chiefly consumed at home. They constitute necessaries of life which in their final forms are not exportable. Yet even in stating them, there is constant duplication in the census table. The leather appears as such, and again is added in the form of boots and shoes. The sawed lumber appears as such, and again under the head of carpentering and kindling-wood. In short, this census table is useful as an aggregate statement of the entire product of our industries and a consequent indication of our business enterprise. But to add these items together as an illustration of our national wealth, is as absurd as it was to add on the credit side of the ledger the number of the year, in order to get at the profits of the business, or as it would be to add together the exchanges of the Boston banks for a year in order to get at the amount of Boston banking capital. Indeed, the fact to which attention is thus called, and which has been mentioned by the protectionists as well as the tariff reformers, to wit, that the material of one business is the product of another, is a very important consideration, and ought always to be borne in mind in any plan for the revision of the tariff. No one can deny that cheap material is a benefit; and the question always is, whether a reduction of the tariff upon the materials of one business will not so cheapen its product as to benefit the business which uses those materials more than the first is injured, assuming that it would be injured at all, which generally, owing to increased demand, it would not be."

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ARTICLE II. OF THE CONSTITUTION.

The object of the League shall be to enforce the following views:—

1. The present enormous surplus in the national revenues above the public requirements is demoralizing and dangerous, and should be cut down by removing the burden of taxation from the necessaries of life, and not from whiskey and tobacco.

2. The policy of taxing imports, not for revenue, but for the purpose of obstructing trade, is unsound; and well-considered but decisive action looking to its ultimate abandonment should not longer be deferred.

HEADQUARTERS, NO. 66 STATE STREET, BOSTON.

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END OF
TITLE